Exhibit F
December 14, 1998 Letter from
Valuemetrics, Inc. to Messrs. Clark and Cashman

December 14, 1998

Mr. E. Roger Clark – Chief Executive Officer Mr. Maurice Cashman – Chief Financial Officer National Forge Company Holdings, Inc. One Front Street Irvine, PA 16329

Re: Summary of findings on the analysis of an S-Corp conversion

Dear Sirs:

Valuemetrics, Inc. was retained by National Forge Company Holdings, Inc. ("NatForge" or the "Company") to perform an analysis of the effect of the Company's conversion to an S-Corporation that will be 100% ESOP-owned (the "Transaction") on the NatForge stock price.

Our study is motivated by the recent change in the Federal Tax Law that allows an ESOP, a tax-exempt trust to become a shareholder in an S Corporation. According to this new ruling, an entity that is 100% owned by an ESOP is fully exempt from corporate federal income taxes.

As explained to us, the proposed transaction would include:

- the purchase of shares held by the non-ESOP shareholders using the proceeds of an increase in external debt and using existing cash
- a conversion from LIFO to FIFO inventory accounting
- the elimination of a forecasted tax benefit associated with a \$300,000 annual increase in LIFO reserve
- the realization of a taxable gain of \$2,200,000 on inventory due to LIFO conversion
- a special non-cash charge of \$8,677,000 for the write-off of Deferred Tax Asset offset by the Deferred Tax Liability and a write-off of Book Inventory
- the election of a change of tax status from a C Corporation to a S Corporation

We relied on the Discounted Cash Flow Methodology to determine the Fair Market Value of the Company's shares in this analysis consistent with our historical approach to the valuation of the Company's shares described in the ESOP Valuation Report dated October 13, 1998, which described our valuation of the Company's shares at Fiscal Year End 6/30/98.



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National Forge Company Holdings, Inc. Analysis of conversion to a S Corporation December 14, 1998

We compared the effects of the transaction on the per share price as of June 30, 1998 and at the end of each year of the projection period ending June 30, 2002 under the following assumptions:

- The Company remains a C Corporation
- The Company changes its tax status to an S Corporation

In all cases, the underlying forecast relied upon in this study is consistent with the forecast used in the ESOP Valuation report as of October 13, 1998, except for the changes resulting from the transaction described above.

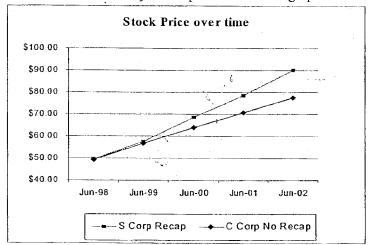
It is Valuemetrics' position that a Fair Market Value Standard requires valuation practitioners to value an S Corporation as a C Corporation. Since a hypothetical buyer may not be able to have NatForge retain its S Corporation status, we therefore have treated the Company as a C corporation for valuation purposes. The imputed tax rate used in this valuation is 39 percent. This is consistent with our 6/30/98 valuation.

In addition, included in the valuation is the excess cash defined as the cash balance less \$500,000. The excess cash balance at the end of each forecast year reflects the cumulative cash saved by not paying taxes. Hence, the value of an S Corporation is always higher by the amount of cash that builds up as a result of not paying taxes.

Consistent with the Fair Market Value Standard, the cash savings resulting from not paying taxes in the future years were not discounted and added to the present value of the Company.

Valuation treating S Corporation as a C Corporation

The results of our analysis are presented in the graph below:



	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
C Corp No Recap	- \$49.42	\$56.74	\$64.01	\$70.71	\$77.64
S Corp Recap	\$49.51	\$57.48	\$68.59	\$78.74	\$89.97



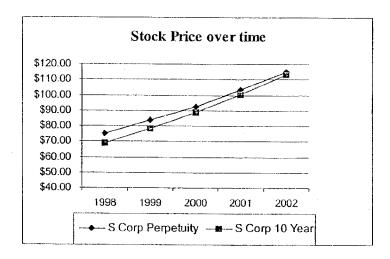
National Forge Company Holdings, Inc. Analysis of conversion to a S Corporation December 14, 1998

Please refer to Exhibits A and B for detailed calculations.

Based upon our analysis, the projected stock price of an S Corporation exceeds that of a C Corporation at the end of each projection period.

Valuation capitalizing S Corporation tax savings

In addition, you have asked us to calculate a hypothetical value per share of the Company's stock capitalizing the cash savings accumulated at the Company as a result of not paying taxes as an S Corporation for 10 years as well as into perpetuity. The results of our findings are summarized in the following chart.



	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
S Corp Perpetuity	\$74.82	\$83.45	\$92.57	\$103.22	\$115.21
S Corp 10 Year	\$68.76	\$78.27	\$88.37	\$100.14	\$113.40

Please refer to Exhibits C and D for detailed calculations.

The analysis above results in higher projected prices per share are higher than the prices under a Fair Market Value Definition described in the previous section, however, Valuemetrics does not believe that this valuation of approach is appropriate.

Please call us with any questions.

Cordially,

VALUE + 11 CS
Valuemetrics, Inc.

Exhibit A: Standard ESOP Valuation - Fair Market Value C Corporation

National Forge Company Holdings, Incorporated

Jun-97 Jun-98		Assumptions	12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
(0.2%)			8.0%	(0.8%)	2.1%	2.8%	4.3%	4.5%
18.4% \$0 81.6% 18.4%	(80.0%	80.8%	78.2% 21.8%	78.8% 21.2%	78.9% 21.1%	78.9% 21.1%
\$0 \$0 10.4%		G G	11.0%	%1.11	10.7%	10.6%	10.3%	10.1%
36.4% 37.7% Lax Kate \$3,187 \$4,700 Total Depr. (from schedule or input) \$0 \$0 Amortization			39.0% \$2,897 \$ 1,065 \$	•,	39.0% \$3,363 1,057 \$	39.0% \$3,637 1.057 \$	39.0% \$3,912 1.057	39.0% \$3,912 \$ 1.057
Avg Depreciable Life (Future)	Avg Depreciable Life (Future)			ars	Q 5		2 .	ars
S3.341 \$6,330 Cash		. 644	Residual Account				-	į
5.2			5.5 5.5	5.6	5.6	5.5	, v.	5.5
3.6 3.4, Avg Inventory Tums (COGS/Avg Inv) 3.7 3.9 Inventory Tums (COGS/Inv)			4.1 4.0	9. % %	м 8 6	4. 4 0. c		4:2
0.9%	Other CA Capital Expenditures		Fixed at LTM \$ amount \$4.5	s4,582	\$4,594	\$4.572	\$4.61	54.611
OK 4.7%	Error Message for CapEx		The Historical CapEx is calc'd based on "Total Dept (from COGS & SGA detail)" abo 4.8% 4.8% 4.9% 2.3%	apEx is calc'd b	oased on "Tota 4 8%	il Depr (from C	COGS & SGA	detail)" abo
0.3	Fixed Assets/Rev.		0.3	0.3	0.3	0.3	0.3	0.3
	Investments & Advances - Eq. Method Investments & Advances - Other	-	Fixed at LTM \$ amount Fixed at LTM \$ amount	imount				
\$4,619 \$10,373 Intengibles \$6.443 \$6.73\$ Peferred Character	Intengibles	t-io is	Fixed at LTM & amount	mount				
59,837	Other Assets		Fixed at LTM \$ amount	nnount mount				
13.9 13.1 Avg. A/P Tums (COGS/Avg A/P)	Avg. A/P Tums (COGS/Avg A/P)		12.8	14.0	13.9	13.9	14.0	14.1
\$369	Income Taxes Payable	171	15.0 25% of Current Years Taxes (delault), or can change to 50 or keep constant	rears Taxes (d	dault), or can	change to 50 c	r keép consta	9157
\$9,355	Other Current Liabilities Other Liabilities	L., Li.,	Fixed at LTM 5 annount (default), or can change to % of Sales or % of Total Assens Fixed at LTM 5 annount (default), or can change to % of Sales or % of Total Assens	imount (defaul imount (defaul	 or can char or can char 	ge to % of Sal ge to % of Sal	es or % of To es or % of To	tal Assets tal Assets
\$0 \$0 Deferred Taxes \$1,278 \$0 Minority Interest	Deferred Taxes Minority Interest	نتا نتا	Fixed at LTM \$ amount Fixed at LTM \$ amount	mount incunt			-	
2.0 1.8 Current Ratio	Current Ratio		2.2	2.3	2.3	8	3,4	8.6
\$17,438	Pfd, Common, & Capital Surplus Retained Earnings	د ت	Fixed at LTM S amount Last Year (not LTM) + NI of Current year	mount TM) + NI of Cl	J Irreni year	š		;
Valuation Assumptions	Valuation Assumptions							
Perpetuity Growth Rate Discount Rate	Perpetuity Growth Rate Discount Rate		4.5%	LTA	LTM Inflation WACC or APV?	4.0% APV	Implied R	Implied Real Growth
0	% of 1st Year's CF to include		%001	:	ргом	5.0%		Trar
SIS, EV. SAY, DIV FIRE-ITANSACIION DEOS.	rie-Transaction Deox		VI 6.224	gnediki	Minonity Discount	0.0%	2 % 2 %	Trans Costs Amortiza % of Trans Co
Pre-Trans. MC Value Pre-Trans. Equity Value	Pre-Trans. MC Value Pre-Trans. Equity Value	L!	\$56.868					

National Forge Company Holdings, Incorporated

Jun-98	BALANCE SHEET	12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
ASSETS	ASSETS	\$6,402	56,440	\$5,958	\$5,403	\$8,624	\$13,808
Restricts	Restricted Escrow	106	1,622	2,342	3,063	3,784	4,505
Account	Accounts Receivable	17,176	16,852	17,281	17,828	18,630	19,468
Inventory Other Our	Inventory Other Current Assets	18,893 936	19,896 022	19,331	1 9.59 7 932	923	925
Total C	Total Current Assets	\$44,308	\$45,732	\$45,826	\$46,823	\$51,896	\$59,537
200	December 19 Descriptions Not	429 450	\$30.910	141 253	\$33.076	\$33.775	\$34,474
Fiopenty,	Topetty, France Equipment - vice	00.4749	0	0	0	0	0
Invectmen	nvestments & Advances - Differ	. 0	0	0	0	0	0
Intancibles	9	9.808	9,2.57	8,706	8,156	7,605	7,054
Deferred Charges	Charges	6,445	6,445	6,445	6,445	6,445	6,445
Other Assets	ets.	9,742	9,430	9,150	168'8	8.656	8,656
Total Assets	sets	\$99,753	\$101,774	\$102,268	\$103,391	\$108,377	\$116,166
	· ·						
Debt in Current	LIABILLITES Oebt in Current Liabilities	\$6,337	\$5,630	\$5,352	\$1,740	\$54	80
Accounts Payable	Payable	5,467	5,354	5,452	5,736	5,878	6,143
Income Ta	ncome Taxes Payable	179	240	380	509	743	743
Other Curr	Other Current Liabilities	8,470	8,740	8,752	8,757	8.753	8,753
Total Cur	Total Current Liabilities	\$20,453	\$19,973	\$19,936	\$16,838	\$15,428	\$15,639
Post Retire	Post Retirement Health Benefit Obligations	33,029	33,828	34,586	35,298	35,954	35,954
Total Long	Cotal Long Term Debt	118,911	13,787	8,214	6,231	5,978	5,778
Deferred Taxes	axes	00 1	407	409	604))	604
Post Retire	Post Retirement Pension Obligations	363	213	63	0		0
Total Li	Total Liabilities	\$73,565	\$68,210	\$63,208	\$58,776	\$57,769	\$57,780
Preferred Stock	Stock	C	0	0	0	0	80
Common Stock	Stock	00	6	6	6	6	6
Capital Surplus	irplus	22,978	28,237	29,737	31,237	32,737	32,737
Retained	Retained Earnings	4,561	7,601	13,415	19,402	26,030	33,808
Less Trea	Less Treasury Stock, Contra Equity	(1,359)	(2,283)	(4,101)	(6,033)	(8,168)	(8,168)
Total Equities	quities	\$26,188	\$33,564	\$39,060	\$44,615	\$20,608	\$58,386
Total Li	Total Liabilities & Equities	\$39,753	\$101,774	\$102,268	\$103,391	\$108,377	\$116,166

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Holdings,	
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	Jun-04	\$107,664 84,970 \$22,694	\$10,905	\$ \$2 (468)	\$11,374	\$7.778	\$7,778	\$7,778
	Jun-03	\$103,028 81,311 \$21,717	\$10,585		(3,065)	\$6,628	\$6,628	\$6,628
•	Jun-02	\$98,780 77,806 \$20,974	\$10,429	(856) \$ 42 (966) (966)	\$8,765	55,987 0	55,987 0	\$5,987
	Jun-01	\$96,061 75,126 \$20,935	\$10,264		\$8,353	\$5,814	\$5,814	\$5,814
	Jun-00	\$94,099 75,994 \$18,105	\$10,450		\$4,323	\$3,040 0	\$3,040	\$3,040
12 Months	Jun-99	\$94,821 75,895 \$18,926	\$10,455	(1,304) \$ (2,525)	\$4,652 (1,424)	\$3,228 0	\$3,228 0	\$3,228
		Depri	ort.)	Ê		tion		
	INCOME STATEMENT	Net Sales Cost of Goods Sold (Including COGS Depri Gross Profit	SGA (Excl. Dept & Amort) SGA D&A (Incl. Financing Costs Amort.) Onerating Income after Denrec	Operating income arter Deprec. Other Expense (incl. Fin & Other Amort) Interest Income (NF Components) Interest (Expense) Special Item Income (Expense)	Pretax Income Income Tax	Ne: Income before E&D Extra. Income (Expense) & Disc. Operation	Net Income after B&D Preferred Dividends	Net Income to Common
	Jun-98 INCOME STATEMENT	S87,801 Net Sales 71,634 Cost of Goods Sold (Including COGS S16,167 Gross Profit	\$9,125 SGA (Excl. Depr & Amort) 0 SGA D&A (Incl. Financing Costs Amort) 87,042 Operating Income after Degree		\$4,027 Pretax Income i.519 Income Tax	~ .	,	\$1,522 Net Income to Common
	11	,		(\$1,057) (\$1,057) (1,958)		\$2,513	,	\$1,522
	Jun-98	\$87,801 71,634 \$16,167	\$9,622 \$9,125	(\$1,057) (\$1,057) (1,958)	\$4,027 1,519	\$3,366 \$2,513 0 - (723)	\$1,796	\$1,522

		11 Months			A la granda i el loi manafa i a	a roi mance	
		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
	CASH STATEMENT BY ACTIVITY						
	Operating Activity						
	Working Capital (Uses)						
	Decr (Incr) in Acct. Rec.	(\$289)	\$324	(\$429)	(\$547)	(\$802)	(\$838)
	Decr (Incr) in Escrow	(719)	(721)	(720)	(721)	(721)	(721)
	Decr (Incr) in Inventory	(517)	(1,003)	565	(366)	(336)	(897)
	Dear (Incr) in Other CA	(159)	14	œ	(18)	L	0
	Decr (Incr) in Invest./Advances-Equity	Q	0	0	0	0	0
	(Decr) Incr in Invest and Goodwill	(\$65)	(551)	(551)	(550)	(1881)	(1551)
	Decr (Incr) in Deferred Charges	(210)	0	0	0	0	0
	Decr (Incr) in Other LT Assets	95	312	280	259	235	0
	Incr (Decr) in Acct. Payable	(968)	(113)	86	284	142	265
	Incr (Decr) in Taxes Payable	(190)	19	140	225	138	0
	Incr (Decr) in Other Current Liab.	(885)	279	m	5	4)	0
	Pension Liability Increase	382	649	809	Ę2	989	0
	Other	446	37	45	43	45	1,102
u"	Total WC (Uses)	(\$3,507)	(\$712)	\$47	(\$637)	(161,191)	(\$1,641)
	Net Income (Loss)	\$3,228	\$3,040	\$5,814	\$5.987	\$6,628	\$7,778
	Depreciation & Amort.	3,962	4,187	4,420	4,694	4,969	3,912
	Net Cash From Operations	\$3,683	\$6,515	\$10,281	\$10,044	\$10,406	\$10,049
	Investment Activity Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
	Financing Activities						
	Less Purchase of Treasury Stock (ESOP R.	(726)	(924)	(1,818)	(1,932)	(2,135)	0
	Less Purchase Com. & Pref. Stock	5,548	5,260	1,500	1,500	1,500	0
	Less Cash Dividends	0	0	0	0	0	0
	Long-Term Debt Issuance	(2,959)	(5.524)	(5,573)	(1.983)	(253)	(500)
	Current Debt Change	(912)	(707)	(278)	(3.612)	(1,686)	(54)
	Other Financial Activity Cash Sources (Us	28	0	0	0	0	0
	Net Cash Incr (Decr) from Financing	8979	(\$1,895)	(\$6,169)	(\$6,027)	(\$2,574)	(\$254)
	Cash and Bouiv. Incr (Beer)	72	ec en	(482)	(555)	3.221	5.184
	Change in Cash Balances	7.	2 %	(482)	(55)	3,221	5.184
	Citalige iii Casii casaiico	į	,	100	*****	1	

National Forge Company Holdings, Inarporated

	Manonal Forge Company	r iogumeet	104	1	Projected Performance	erformance	
		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
	CASH FLOWS						
	Operating Income	\$7,886	\$7,070	\$10,086	096'6\$	\$10,547	811,790
	Plus ESOP Contrib. incl. as Op. Exp.	5,545	5,259	1,500	1,500	1,500	0
	Op. Inc. + ESOP Contrib.	\$13,431	\$12,329	\$11,586	\$11,460	\$12,047	\$11,750
	Less Taxes on Op. Inc. + ESOP Contrib.	(5,238)	(4,808)	(4,519)	(4,469)	(4,698)	(4,598)
	Plus Depreciation & Amortization	3,962	4,187	4,420	4,694	4,969	4,969
	LiFO charge Add-back	300	300	300	300	300	300
	Working Capital (Uses)	(3,402)	(1,037)	47	(637)	(1,691)	(; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;
	Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
	Net Cash Flow	\$4,463	\$6,389	\$7,240	\$6,776	\$6,816	\$6,209
	% of CF realized after 06/30/98	100%	100%	100%	100%	100%	100%
	Cash Flow Applied to NPV	\$4,463	\$6,389	\$7,240	\$6,776	\$6,816	\$6,209
	RESIDUAL VALUE						
***	Residual Value, assuming 4.5% long term growth of cash flows	growth of cash fle	swo	Implied El	Implied EBIT Multiple 5.2	5.2	CapFactor
	UNLEVERAGED FIRM VALUE						
	Unley, Operating Free Cash Flow	\$4,463	\$6,389	\$7,240	\$6,776	\$6,816	
	Residual Value	60,395	62,195	63,387	65,206	67,230	
	Total Cash Flows	\$64.858	\$68.584	\$70,628	186,178	\$74,046	
	Unleveraged Cost of Equity	13.6%	13.6%	13.6%	13.6%	13.6%	
	Unleveraged Firm Value (Jun-98)	\$56,868	\$60,395	\$62,195	\$63,387	\$65,206	
	TAX SHIELD VALUE FROM DEBT & ESOP IN CAPITAL STRUCTURE	ESOP IN CAPI	TAL STRUC	TURE			
	Pretax Income	\$4,652	\$4,323	\$8,353	\$8,765	\$9,63	\$11,374
	Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
	Interest Expense	2,525	1,982	1,465	996	499	468
	Pretax Unleveraged Income	\$12,722	\$11,564	\$11,318	\$11,231	\$11,857	\$11,842
	Pretax Income (Leveraged)	4,652	4,323	8,353	8,765	6,693	11,374
	Tax on Unleveraged Pretax Income	\$4,962	\$4,510	\$4,414	\$4,380	\$4,624	\$4,618
	Tax on Leveraged Pretax Income	1,814	1,686	3,258	3,418	3,780	4,436
	Tax Savings due to Interest + ESOP	\$3,147	\$2.824	\$1,156	\$962	\$844	\$182
	NPV of Tax Shield (13.6% rate)	\$6,845	.4,548	2,340	1,501	743	

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National Forge Company Holdings, In orporated

				Projected Performance	rformance
SUMMARY	Jun-98	96-unr	Jun-00	Jun-01	Jun-02
Unleveraged Firm Value	\$56,868	\$60,395	\$62,195	\$63,387	\$65,206
PV of Interest & ESOP Tax Shield	6,845	4,548	2,340	1.501	743
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$63,888	\$64,943	\$64,535	\$64,888	\$65,949
Less: Capital Debt	(\$29,519)	(\$24,543)	(\$18,206)	(\$12,576)	(\$7,224)
Less: Tax Adjusted SAR Value	(\$725)	(\$954)	(\$1,077)	(\$1,194)	(\$1,476)
Plus: Excess Cash	\$6,080	\$6,152	\$6,190	\$5,708	\$5,153
Total Mkt. Control Equity Value	\$39,720	\$45,600	\$51,440	\$56,830	\$62,400
Marketability Discount (5.0%)	(1,990)	(2,280)	(2,570)	(2,840)	(3,120)
Control Equity Value	\$37,730	\$43,320	\$48,870	\$53,990	\$59,280
(after Marketability Discount)					
Shares Outstanding	263	763	763	763	763
Per Share Value	49.42	56.74	6.01	70.71	77.64

National Forge Company Holding Incorporated	Holdinge	incorpora	ted	
				Projected Pe
	12 Monus			
	Jun-99	Jun-99 Jun-00 Jun-01 Jun-02	Jun-01	Jun-02
DEBT AMORTIZATION				
Total Debt	\$29,519			
Sum of Debt below	\$29,597			

	ss,430 \$5,430 0 42.5 5,430	\$425 ining) \$1,304 1,304	122 0 0 \$1,426	\$0 \$0 0 0 0 0 0	SO dning)	္ရွင္ ဝဝ	\$0 ming)		\$77
	Term (Yrs Remaining) \$5,430 \$5, 0 442 5,430 \$,	\$442 \$ Term (Vrs Remaining) \$6,110 \$1, 4.806 1,	377 1.304 \$5,183	Term (Vrs Remaining) \$93 93 0	\$95 Term (Yrs Remaining)	, 00	\$0 Term (Yrs Remaining)	\$149 75 0 8 8	\$83
	55,430 0 458 5,430	\$458 7 \$11,586 5,476	815 6,110 \$6,291	5182 89 0 0 6 6	595		05		\$14
	NA Int. Rate 130 S5,430 0 0 195 474 130 5,430	\$474 Int. Rate \$17,591 6,005	1,296 11,586 \$7,301	4.6% Int. Rate \$348 \$267 \$1 85 0 0 14 10 267 182	\$95 int. Rate	3000	\$0 Int. Rate	\$555 403 0 25 152	\$428
\$29,519 \$29,597	NA 55,430 0 495 5,430	9.30% 521,411 3.820	1,818 17,591 \$5,638	4.6% \$348 \$1 0 0 14 267	\$9\$ %9:01	9 9 1	\$119		\$208
Total Debt Sum of Debt below	NF Burope Beginning Balance Principal Payment (Borrowing) Interest Payment Ending balance	Total P&I Chase Terin Lean Beginning Balance Principal Payment (Borrowing)	Prepayment Interest Payment Ending balance Total, P& I	MELF Beginning Balance Principal Payment (Borrowing) Prepayment Interest Payment	Total P&1 Pipeline & Capital Leases	principal paranto Principal Payment (Borrowing) Prepayment Interest Payment Ending balance	Total P&! MS Overdraft Reserve	Beginning Balance Principal Payment (Borrowing) Prepayment Interest Payment Ending balance	Total P&I

Incorporated
Holdin
Company
Forge
tional

				Projected Performance	rformance
NW Forgemasters Overdraft	ΝA	NA Int. Rate	rı	Term (Yrs Remaining)	aining)
Beginning Balance	\$422	\$602	\$856	\$794	\$416
Principal Payment (Borrowing)	(180)	(254)	62	378	362
Prepayment	0	0	0	0	0
Interest Payment	77	58	\$ 4	<u>.</u> 0	63
Ending balance	602	856	794	416	54
Total P&I	(\$136)	(\$196)	\$126	\$429	\$425
MS Capital Equipment Lease	9.5%	Int. Rate	C.I	Term (Yrs Remaining)	aining)
Beginning Balance	\$380	\$6\$	20	3.0	20
Principal Payment (Borrowing)	282	86	0	0	Q
Prepayment	0	C	0	0	0
Interest Payment	2.3	'n	0	0	0
Ending balance	86	0	0	0	0
Total P&I	\$305	\$103	\$0	80	20
MS Capital Equipment Loan	NA	NA Int. Rate	7	Term (Yrs Remaining)	aining)
Beginning Balance	\$775	\$1,105	\$1,211	066\$	\$747
Principal Payment (Borrowing)	(330)	(106)	221	243	199
Interest:Payment	81	115	Ξ	98	\$!
-Ending balance	1,105	1,211	066	747	548
Total P&I	(\$249)	89	\$332	\$329	\$250
Total Debt	9,1%	Avg Int Rate	7.49480881	Avg Term (Yrs Remaining)	Remaining)
Beginning Balance	\$29,597	\$25,648	\$19,417	\$13,566	126,78
Principal Payment (Borrowing)	\$3,949	\$6,337	\$5,630	\$5,352	\$1,740
Prepayment	\$0	20	\$0	90	20
Interest Payment	\$2,525	\$1,982	\$1,465	996\$	\$664
Ending balance	25,648	19,311	13,787	8,214	6,231
Total P&I	\$5,852	\$7,396	\$6,386	\$5,278	\$1,426
Short Term Debt Long Term Debt	6,337	5,630	5,352 8,214	1,740 6,231	54 5,978

Inarporated
Holdings,
Company
Forge
National]

					annual resident	
	12 Months					
	Jun-99	Jun-00	Jun-01	Jun-60 Jun-61 Jun-02 Jun-63	Jun-03	Residual
DEPRECIATION SCHEDULE						
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611
Total Depreciation on New Assets	\$459	\$917	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	5,325	5,909	1,494	2,0,7	coo'i
Total Depreciation Expense	\$ 2,897 \$	ll l	\$ 3,363	3,122 \$ 3,363 \$ 3,637 \$ 3,912	3,912	\$4,419
Beginning Fixed Assets	\$27,757	\$29,450	\$30,910	\$32,141	\$33,076	\$33,775
Less: Depr. (see Assumptions page)	(2,897)	(3,122)	(3,363)	(3.637)	(3,912)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,450	\$30,910	\$32,141	\$33,076	\$33,775	\$34,474
						And the last of th

Exhibit B: Standard ESOP Valuation – Fair Market Value S Corporation

National Forge Compar." Holdings, Incorporated

Jun-96	Jun-97	Jun-98		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
			Assumptions						
			Income Statement Assumptions						
11.6%	(1.1%)	(0.2%)	Revenue Growth	8.0%	(0.8%)	2.1%	2.8%	4.3%	4.5%
81.6%	79.5%	81.6%	Historical COGS as a % of Rev						
18.4%	20.5%	18.4%	Historical Gross Profit Margin						
S	20	\$0	Historical Adj to COGS (in \$)						
81.6%	79.5%	81.6%	Going-forward COGS as a % of Rev	75.7%	80.4%	77.9%	78.5%	78.6%	78.6%
18.4%	20.5%	18.4%	Going-forward Gross Profit margin	20.3%	19.6%	22.1%	21.5%	21.4%	21.4%
10.2%	%6'01	10.4%	Historical SGA as a % of Rev (b4 Depr)						
S.	80	80	Historical Adj to SGA (in \$)						
10.2%	10.9%	10,4%	Going-forward SGA % of Rev. (b4 Depr.)	11.0%	%! !!	10.7%	10.6%	10.3%	10.1%
33.6%	36.4%	37.7%	Tax Rate	39.0%	39.0%	39.0%	39.0%	30.0%	39.0%
\$2,998	\$3,187	\$4,700	Total Depr. (from schedule or input)		\$3,122	\$3,363	\$3,637	σ,	
S S	20	80	Amortization		1,065	5 1,087			5 1,057
			Avg Depreciable Life (Future)	7 OL	Years A	Avg Depreciable Life (Hist)	e Life (Hist)	2	Years
	,								
;			Balance Sheet Assumptions						
2000	\$3,341	56,330	Cash	Residual Account		·	ì	. 1	į
2.8	5.7	5.8	Avg A/R Tums (Sales/Avg A/R)	5.6	5.5	5.6	5.6	5.7	5.7
5.0	6.7	5.2	A/R Tumover (Sales/A/R)	5. ·	5.6	5.6	90	e e	55
3.5	3.6	3.8	Avg Inventory Turns (COGS/Avg Inv)	4.2	4.2	4.2	4.3	4.3	4.3 E.3
3.7	3.7	3.9	Inventory Turns (COGS/Inv)		4.2	4	4.2	4	4 Ci
0.1%	%8.0	%6:0	Other CA	Fixed at LTM \$ amount	amount				
\$3,274	\$5,074	\$4,129	Capital Expenditures	\$4,590	54,582	\$4,594	\$4,572	84,611	\$4,611
ÖĶ	OK	OK	Error Message for CapEx	The Historical CapEx is calc'd based on "Total Depr (from COGS & SGA detail)" abo	apEx is calc'o	based on "Tot	al Depr (from	COGS & SG,	A detail)' abo
3.7%	5.8%	4.7%	Cap Ex as a % of Revenues	4.8%	4.9%	4.8%	4.6%	4.5%	4.3%
0.3	0.3	0.3	Fixed Assets/Rev.	0.3	0.3	0.3	0.3	0.3	0.3
\$0	\$0	\$0	Investments & Advances - Eq. Method	Fixed at LTM Sumount	าเกอเนต				
22	20	\$0	Investments & Advances - Other	Fixed at LTM \$ amount	מחטות				
\$4,820	\$4,619	\$10,373	Intangibles	Fixed at LTM \$ amount	amount				
\$7,259	\$6,443	\$6,235	Deferred Charges	Fixed at LTM Samount	amount				
\$11,004	\$10,463	\$9.837	Other Assets	Fixed at LTM \$ amount	amount				
11.8	13.9	13.1	Avg. A/P Tums (COGS/Avg A/P)	12.8	14.0	3.8	13.9	14.0	1.4
13.4	15.2	11.3	A/P Turns (COGS/AP)	13.8	14.1	13.7	13.5	13.8	3.8
\$864	\$0	8369	Income Taxes Payable	25% of Current Years Taxes (default), or can change to \$0 or keep constant	Years Taxes (default), or can	change to \$0	or keep const	ant .
\$7,696	\$8,333	\$9,355	Other Current Liabilities	Fixed at LTM \$ amount (default), or can change to % of Sales or % of Total Assets	amount (defa	u(I), or can cha	nge to % of Sa	ales or % of Ta	otal Assets
\$31,163	\$32,119	\$33,010	Other Liabilities	Fixed at LTM \$ amount (definit), or can change to % of Sales or % of Total Assets	amount (defi	มน์), or can cha	nge to % of Sa	ales or % of To	otal Assets
S	80	\$0	Deferred Taxes	Fixed at LTM \$ amount	amount				
\$2,079	\$1,278	20	Minority Interest	Fixed at LTM S amount	amount				
6.1	2.0	8.	Current Ratio	8:1	1.9	6.1	2.5	3,4	4
2.7	2.8	5.6	Current Ratio (excl. Cur. Debt)	2.7	2.8	2.9	3.0	3.4	4.1
\$11,088	\$16,688	\$17,438	Pfd, Common, & Capital Surplus	Fixed at LTM \$ amount	amount				
			Retained Earnings	Last Year (not LTM) + NI of Current year	TM) + M of	Current year			
			Voluation Accumpations						
			Perpetuly Growth Rate	4.5%	ដ	LTM Inflation	4.0%	Implied	Implied Real Growth
			Discount Rate	13.6%	WA	WACC or APV?	VAV		
			% of 1st Year's CF to include	%001		DLOM	5.0%		Tra
\$22,847	\$15,207	\$29,519	Pre-Transaction Debt	\$29.519	Minor	Minority Discount	0.0%	Trans C	Trans Costs Amortiza
								0	% of Trans Co
			Dre-Trong MG Volue	\$55 078					
			9	\$30,680					
			D-1						

National Forge Company Holdings, Incorporated

.Inn-97	.T. 98		12 Months.	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
		BALANCE SHEET						
		ASSETS						
\$3,341	\$6,330	Cash & Short Term Investments	\$3,957	\$4,031	\$4,364	\$3,532	\$8,142	\$16,666
	\$182	Restricted Escrow	106	1,622	2,342	3,063	3,784	4,505
13,189	16,887	Accounts Receivable	17,176	16,852	17,281	17,828	18,630	19,468
18,979	18,376	Inventory	17,987	18,024	17,803	18,463	19,320	20,189
703	777	Other Current Assets	677	653	655	673	999	999
\$36,212	\$42,552	Total Current Assets	\$40,698	\$41,192	\$42,445	\$43,559	\$50,542	\$61,495
\$25,559	527,757	Property, Plant & Equipment - Net	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569
0	0	Investments & Advances - Eq. Method	0	0	0	0	0	0
0	0	Investments & Advances - Other	0	0	0	0	O	0
4,619	10,373	Intangibles	9,808	9,257	8,706	8,156	7,605	7,054
6,443	6,235	Deferred Charges	=	0	0	0	D	0
10,463	9,837	Other Assets	9,742	9,430	9,150	8,891	8.656	8,656
\$83,296	\$96,754	Total Assets	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774
	1.	LIABILITIES						
\$5,646	\$7,249	Debt in Current Liabilities	\$7,789	\$6,425	\$7,225	\$2,684	\$54	So
4,589	6,363	Accounts Payable	5,467	5,354	5,452	5.736	5,878	6,143
0	369	Income Taxes Payable	006	700	450	100	001	001
8,333	9,355	Other Current Liabilities	8,470	8.749	8,752	8,757	8,753	8,753
\$18,568	\$23,336	Total Current Liabilities	\$22,626	\$21,228	\$21,879	\$17,277	\$14,785	\$14,996
32,119	33,010	Post Retirement Health Benefit Obligations	33,029	33,828	34,586	35,298	35,954	35,954
9,561	22.270	Total Long Term Debt	21,819	15,394	8,168	5,484	5,430	5,430
0	0	Deferred Taxes	0	0	0	0		0
1,278	0	Post Retirement Pension Obligations	363	213	63	0	С	0
\$61,526	\$78,616	Total Liabilities	\$77,838	\$70,663	\$64,697	\$58,059	\$56,169	\$56,380
\$3,500	SC.	Preferred Stock	9	0	С	0	0	\$0
3	40	Common Stock	∞	6	o,	6	OΛ	6
13,185	17,433	Capital Sumius	22,978	28,237	29,737	31,237	32,737	32,737
5,282	1,333	Retained Earnings	(3,289)	42	8,576	16,885	708'97	37,198
(200)	(633)	Less Treasury Stock, Contra Equity	(7.742)	(8,666)	(10,482)	(12,414)	(14,549)	(14,549)
\$21,770	\$18,138	Total Equities	\$11,955	\$20,221	\$27,840	\$35,717	\$44,504	\$52,395
\$83,296	\$96,754	Total Liabilities & Equities	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774
-								

National Forge Company Holdings, Incorporated

Jun-96	Jun-97	Jun-98		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
			INCOME STATEMENT						
\$88,952 72,608	\$87,947 69,932	\$87,801	Net Sales Cost of Goods Sold (Including COGS Depri	\$94,821 75,595	\$94,099 75,694	\$96,061 74,826	\$98,780 77,506	\$103,028	\$107,664
\$16,344	\$18,015	\$16,167	Grass Profit	\$19,226	\$18,405	\$21,235	\$21,274	\$22,017	\$23,008
\$ 9,045	\$9,622	\$9,125	SGA (Excl. Dept & Amort) SGA D&A (Incl. Financing Costs Amort.)	\$10,455	\$10,450	\$10,264 0	\$10,429	\$10,585	\$10,905 0
\$7,299	\$8,393	\$7,042	Operating Income after Deprec.	58,771	\$7,955	\$10,971	\$10,845	\$11,432	\$12,103
(\$683) 0 (3,053) 0	(\$875) 0 (2,224)	(\$1,0 <i>57</i>) 0 (1,958) 0	Other Expense (incl. Fin & Other Amort) Interest Income (NF Components) Interest (Expense) Special Item Income (Expense)	\$ (1,182) 10 (3,099) (8,677)	\$ (1,250) 22 (2,550) 0	₩.	\$ (742) \$ 42 (1,238)	\$ (713) 52 (624) 0	\$ 52 (425)
\$3,563	\$5,294	\$4,027	Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
1,196	1,928	615,1	Income Tax	(445)	(247)	(453)	(868)	(726)	(839)
\$2,367	\$3,366 0	\$2,513	Net Income before E&D Extra. Income (Expense) & Disc. Operation	(\$4,622)	026,E 2	\$7,935	98,309 0	\$9,421 0	\$10,891 0
\$2,367 351	53,366 350	\$1,790 268	Net Income after E&D Preferred Dividends	(\$4,622)	026,228 ()	\$7,935 0	08,309 0	\$9,421	\$10,891 0
\$2,016	\$3,016	\$1,522	Net Income to Common	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891

B - 4

national Fulge Company avoidings, it	dany and	idings, r	i por accu	1			
		12 Months			Projected Performance	rformance	
		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
CASH STATEMENT BY ACTIVITY	IVITY						
Operating Activity							
Working Capital (Uses)							
Decr (Incr) in Acct. Rec.		(\$289)	5324	(\$429)	(\$547)	(\$802)	(\$838)
Decr (Incr) in Escrow		(617)	(721)	(720)	(721)	(721)	(721)
Decr (Incr) in Inventory		389	(37)	221	(099)	(857)	(898)
Decr (Incr) in Other CA		100	4	00	(18)	7	0
Decr (Incr) in Invest/Advances-Equity	Equity	0	0	0	0	0	0
(Decr.) Incr in Invest and Goodwill	· ₩	(565)	(551)	(551)	(550)	(551)	(155)
Decr (Incr) in Deferred Charges		6,235	0	0	0	0	0
Decr (Incr) in Other LT Assets	,	95	312	280	259	235	0
Incr (Decr.) in Acct. Payable		(968)	(113)	86	284	142	265
Incr (Decr) in Taxes Payable		531	(200)	(250)	(350)	a	0
Incr (Decr) in Other Current Liab.		(885)	279	m	\$	(7)	0
Pension Liability Increase		382	646	809	649	929	0
Other		37	37	45	43	45	1,102
Total WC (Uses)		\$4,415	(\$7)	(\$687)	(\$1,606)	(\$1,850)	(\$1,613)
Net Income (Loss)		(\$4,622)	\$3,930	\$7,935	88,309	\$9,421	168'01\$
Depreciation & Amort.		3,867	4,187	4,420	4,694	4,969	3,912
Net Cash From Operations		\$3,660	\$8,110	\$11,668	\$11,397	\$12,540	\$13,190
Investment Activity							
Less Capital Expenditures		(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
Financing Activities							
Less Purchase of Treasury Stock (ESOP R.	(ESOP R.	(7,109)	(924)	(1,816)	(1,932)	(2,135)	0
Less Purchase Com. & Pref. Stock	*	5,548	5,260	1,500	1,500	1,500	0
Less Cash Dividends		0	0	0	0	0	0
Long-Term Debt Issuance		(451)	(6,425)	(7,225)	(2.684)	(54)	0
Current Debt Change		540	(1,364)	800	(4,541)	(2,630)	(54)
Other Financial Activity Cash Sources (Us	snices (Us	28	o	0	C	0	0
Net Cash Incr (Decr) from Financing	ing gri	(\$1,443)	(\$3,453)	(\$6,741)	(\$7,657)	(\$3,319)	(\$54)
Cash and Equiv, Incr (Decr)		(2,373)	75	332	(832)	4,610	8,525
Change in Cash Balances		(2,373)	7.5	332	(832)	4,610	8,525

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		10.16			Projected Performance	erformance	
		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
	CASH FLOWS						
	Operating Income Plus ESOP Contrib. incl. as Op. Exp.	58,186	\$7,370	\$10,386	\$10,260	\$10,847	\$12,103
		102 014	17.630	700113	076 113	TAS 013	\$10.103
	Op. Inc. + ESOF Conmb. Less Tayes on On Inc. + ESOP Conmit	513,731	(20,214	\$11,880 (4,636)	(4.586)	7 8 1 5 7 7 (5 1 8 1 5)	(4.720)
	Plus Demeciation & Amortization	3.867	4.187	4.420	4.694	4.969	4.969
	LIFO charge Add-back	o O	3	0	0	0	0
	Working Capital (Uses) - C-Corp	(3,402)	(1,142)	152	(637)	(161,1)	(1,641)
	Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
	Net Cash Flow	\$4.251	26.167	\$7.228	\$6.659	\$6,699	\$6.100
	% of CF realized after 06/30/98	%001	%001	%001	100%	100%	100%
	Cash Flow Applied to NPV	\$4,251	\$6,167	\$7,228	\$6,659	\$6,699	\$6,100
	RESIDUAL VALUE						
*** * ***	Residual Value, assuming 4.5% long term growth of eash flows	nowth of cash flo	ows.	Implied E	Implied EBIT Muluple 5.0	5.0	CapFactor
	UNLEVERAGED FIRM VALUE						
	Unley, Operating Free Cash Flow	\$4,251	\$6,167	\$7,228	\$6,659	\$6,699	
	Residual Value	59,317	61,192	62,261	64,043	66,028	
	Total Cash Flows	\$63,568	\$67,359	\$69,489	\$70,702	\$72,726	
	Unleveraged Cost of Equity	13.6%	13.6%	13.6%	13.6%	13.6%	
	Unleveraged Firm Value (Jun-98)	\$55,978	\$59,317	\$61,192	\$62,261	\$64,043	
	TAX SHIELD VALUE FROM DEBT & ESOP IN CAPITAL STRUCTURE	ESOP IN CAPI	TAL STRUC	TURE			
	Pretax Income	(\$4,177)	\$4,177	.\$8,388	\$8,907	\$10,147	\$11,730
	Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
	Interest Expense	3,099	2,550	1,844	1,238	624	425
	Pretax Unleveraged Income	\$4,467	\$11,986	\$11,732	\$11,645	\$12,271	\$12,155
	Pretax Income (Leveraged)	(4,177)	4,177	8,388	8,907	10,147	11,730
	Tax on Unleveraged Pretax Income	\$1,742	\$4,675	\$4,575	\$4,542	\$4,786	\$4,741
	Tax on Leveraged Pretax Income	(1,629)	1,629	3,271	3,474	3,958	4,575
	Tax Savings due to Interest + ESOP	\$3,371	\$3,046	\$1,304	\$1,068	\$828	\$166
	NPV of Tax Shield (13.6% rate)	\$7,376	4,920	2,542	1,582	729	

National Forge Company Holdings, Jr orporated

				Projected Performance	erformance
SUMMARY	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
Interesped Firm Value	\$55,978	\$59,317	\$61,192	\$62,261	\$64,043
PV of Interest & ESOP Tax Shield	7,376	4,920	2,542	1,582	729
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$63,529	\$64,237	\$63,734	\$63,843	\$64,773
Cess: Capital Debt + Buyout Debt	(\$35,398)	(\$29,609)	(\$11,819)	(\$15,394)	(\$8,168)
Less: Tax Adjusted SAR Value	(969\$)	(1883)	(\$952)	(\$1,205)	(\$1,205)
Plus; Excess Cash post Buyout	\$4,853	\$3,707	\$3,781	\$4,114	\$3,282
Total Mkt. Control Equity Value	\$32,290	\$37,500	\$44,740	\$51,360	\$58,680
Marketability Discount (5.0%)	(1,610)	(1,880)	(2,240)	(2,570)	(2,930)
Control Equity Value	\$30,680	\$35,620	\$42,500	\$48,790	\$55,750
(after Marketability Discount)					
Shares Outstanding	620	620	620	620	620
Per Share Value	49.51	57.48	68.59	78.74	76.68

B.7

National Forge Company Holding Incorporated

		1) Months				
		Jun-99	Jun-00	Jun-01	Jun-02	Jun-03
	DEBT AMORTIZATION					
	Total Debt	\$29,519				
	Sum of Debt below	845,554				
	NF Europe	9.00%	9.00%, Int. Rate	7	Term (Yrs Remaining)	naining)
	Beginning Balance	\$5,430	\$5,430	\$5,430	\$5,430	\$5,430
	Principal Payment (Borrowing)	0 0	U 174	45.50	442	425
	Interest rayment Ending balance	5,430	5,430	5,430	5,430	5,430
	Total P&1	\$495	\$474	\$458	\$442	\$425
	Chase Term Loan		Int. Rate	7	Term (Yrs Remaining)	naining)
	Beginning Balance	\$21,411	\$16,846	\$10,459	\$5,585	\$525
	Principal Payment (Borrowing)	4,565	6,387	4,874	5,060	628 0
ς.	Prepayment Interest Downent	1.820	1.432	688	475	45
	Ending balance	16,846	10,459	5,585	525	0
	Total P&I	\$6,385	\$7,819	\$5,763	\$5,535	\$570
	, ·					
	MIELE Pholling Can Lease	. 4 .6%	Int. Rate	7	Term (Yrs Remaining)	naining)
	Beginning Balance	\$460	\$267	\$182	\$93	\$0
	Principal Payment (Borrowing)	193	85	68	9.3	0
	Prepayment	0	0	0	0	0
	Interest Payment	7.1	10	9	5	0
	Ending balance	267	182	93	0	0
	Total P&I	\$210	\$95	\$95	\$95	0\$
	Buyout Loan	10.6%	Int. Rate	v	Term (Yrs Remaining)	naining)
	Beginning Balance	\$5,882	\$4,706	\$3,529	\$2,353	\$1,176
	Principal Payment (Borrowing)	1,176	1,176	1.176	1,176	1,176
	Prepayment	0	0	i		5
	Interest Payment	195	436	312	/81	70
	Ending balance	4,700	5,52	£66,7	0,1,1	•
	Total P&I	\$1,738	\$1,613	\$1,488	\$1,363	\$1,239
					e E	1
	MS Overdraft Reserve	7.0%	Int. Rate	-	Term (Yrs Kemaining)	naining)
	Beginning Balance	50/5	\$333	7016	¥ 147	1/6
	Principal Payment (Borrowing)	000	10+	n =	? C	
	Prepayment	44	25	2	∞	, m
	Ending balance	555	152	149	74	0
	1.00	2013	\$478	\$12	283	\$77
	10(a) F&1	1619	9			

National Forge Company Holdin "Incorporated

					Projected Performance	rformance
	NW Forgemasters Overdraft	AN	NA Int. Rate	C 4	Term (Yrs Remaining)	aining)
	Beginning Balance	\$228	\$602	\$856	\$794	\$416
	Principal Payment (Borrowing)	(374)	(254)	62	378	362
	Prepayment	0	0	0	0	0
	Interest Payment	T T	58	779	5.1	63
	Ending balance	602	856	794	416	54
	Total P&I	(\$330)	(\$186)	\$126	\$429	\$425
		3				
	MS Capital Equipment Lease	55C.5	7. Z	^)	1erm (Yrs Kemaining)	aining)
	Beginning Balance	\$1,282	\$1,203	\$1,211	\$990	\$547
	Principal Payment (Borrowing)	62	(8)	221	443	547
	Prepayment	0	0	0	0	0
	Interest Payment	. 118	115	105	7.3	26
	Ending balance	1,203	1,211	066	547	0
	Total P&1	2613	\$107	\$326	\$516	\$573
ς.	MS Capital Equipment Loan	AN	NA int. Rate	7	Term (Yrs Remaining)	aining)
	Beginning Balance	0.5	\$0	\$0	80	0\$
	Principal Payment (Borrowing)	0	0	0	0	0
	InterestiPayment	0	0	C	0	0
	-Ending balance	0	0	0	0	0
	Total P&I	80	\$0	\$0	OS.	0\$
	Total Debt	%5'5	Avg Int Rate	6.11427782	Avg Term (Yrs Remaining)	Remaining)
	Beginning Balance	815 398	\$29,609	521.819	\$15 394	891 88
	Principal Payment (Borrowing)	\$5.789	\$7.789	\$6,425	\$7,225	\$2,684
	Prepayment	. 80	9	0.5	SO	9
	Interest Payment	\$3,099	\$2,550	\$1,844	\$1,238	\$624
	Ending balance	29,609	21,819	15,394	8,168	5,484
	Total P&I	\$8,332	\$9,527	\$7,346	\$6,993	\$1,808
			1			
	Short Term Debt	7,789	6,425	7,225	2,684	54
	Long Term Debt	21,819	15,394	8,168	5,484	5,430

Document 24-11

National Forge Company Holdings, Ironrporated

•		·		Projected P	Projected Performance	
	12 Months					
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
DEPRECIATION SCHEDULE						
Capital Expenditures Reg'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611
Total Depreciation on New Assets	\$459	2165	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078	1,663
Total Depreciation Expense	\$ 2,802	2.802 \$ 3.122 \$ 3.363 \$ 3.637 \$ 3.912	\$ 3,363	\$ 3,637	3,912	\$4.418
Beginning Fixed Assets	527,757	\$29,545	\$31,005	\$32,236	\$33,171	533,870
Less: Dept. (see Assumptions page)	(2,802)	(3,122)	(3,363)	(3,637)	(3,912)	(3,912
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236		\$33,870	\$34,569

Exhibit C: Hypothetical ESOP Valuation – S Corporation Capitalizing Taxes Saved for Ten Years

	Projected P
porated	
idings, incor	
ompar. 40	
l Forge C	
Nationa	
National Forge Compar" Holdings, Incorporated	

96-unF	Jun-97	Jun-98		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	
			Assumptions							
			Income Statement Assumptions						;	
11.6%	(1.1%)	(0.2%)	Revenue Growth	%0%	(0.8%)	2.1%	2.8%	4.3%	4.5%	
81.5%	79.5%	81.0%	Mistorical Code as a 7e di Nev							
0.470	8.C.V.2	05 05	Historical Adj to COGS (in S)							
81.6%	79.5%	81.6%	Going-forward COGS as a % of Rev	79.7%	80.4%	77.9%	78.5%	78.6%	78.6%	
18.4%	20.5%	18.4%	Going-forward Gross Profit margin	20.3%	19.6%	22.1%	21.5%	21.4%	21.4%	
10.2%	10.9%	10.4%	Historical SGA as a % of Rev (b4 Depr)							
20	0\$	20	Historical Adj to SGA (in \$)							
10.2%	10.9%	10.4%	Going-forward SGA % of Rev. (b4 Depr)	.11.0%	11.1%	10.7%	%9'0]	10.3%	10.1%	
33.6%	36.4%	37.7%	Tax Rate	39.0%	39.0%	30.0%	39.0%	39.0%	39.0%	
\$2,998	\$3,187	\$4,700	Total Depr. (from schedule or input)	\$2,802	\$3,122	\$3,363	\$3,637	\$3,912	\$3,912	
80	0\$	05	Amortization	\$ 1,065 \$	1,065	1,057	1,057	1,057	\$ 1,057	
			Avg Depreciable Life (Future)	10 Years		Avg Depreciable Life (Hist)	: Life (Hist)	0.	Years	
	x									
•		010	Balance Sneet Assumptions	Desiding A gentint	ŧ					
\$600	53,341	56,330	Cash	Kesional Accou		v	4	4	2.3	
7.00	5.7	X (1)	Avg A/K Turns (Sales/Avg A/K)	0.0	٠. ٠	9.0	ים היים היים	/ ' '	i •	
2.0	6.7	5.2	A/R Tumover (Sales/A/R)	٠ ٠	0.0	9.0	9 5	6.6		
3.5	3.6	æ. €	Avg Inventory Turns (COGS/Avg Inv)	4.2	5.4	2.4	4 J. 6		4	
3.7	3.7	3.9	Inventory Turns (COGS/Inv)	4 5	<u>ه</u> د آ	5. 5.	4.2	a.	CI.	
%1:0	0.8%	0.9%	Other CA	Fixed at LTM \$ amount	amount				;	
\$3,274	\$5,074	\$4,129	Capital Expenditures	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611	
0K	OK	OK	Error Message for CapEx	The Historical CapEx is calc'd based on "Total Depr (from COGS & SGA detail)" above	apEx is calc'd l	sased on "Tota	l Depr (from	COGS & SGA	detail)" abov	
3.7%	5.8%	4.7%	Cap Ex as a % of Revenues	4.8%	4.9%	4.8%	4.6%	4.5%	4.3%	
0.3	0.3	0.3	Fixed Assets/Rev.	0.3	0.3	0.3	0.3	0.3	0.3	
20	\$0	30	Investments & Advances - Eq. Method	Fixed at LTM S emount	cmount					
93	\$0	\$0.	Investments & Advances - Other	Fixed at LTM \$ emount	emount					
\$4,820	\$4,619	\$10,373	Intangibles	Fixed at LTM \$ amount	amount					
\$7,259	\$6,443	\$6,235	Deferred Charges	Fixed at LTM S amount	amount					
\$11.004	\$10.463	\$9.837	Other Assets	Fixed at L.TM 5 amount	amount					
811	13.9	13.1	Ave. A/P Tums (COGS/Avg A/P)	12.8	14.0	13.8	13.9	14.0	14.1	
13.4	15.2	11.3	A/P Tums (COGS/AP)	13.8	14.1	13.7	13.5	13.8	13.8	
8864	05	\$369	Income Taxes Payable	25% of Current Years Taxes (default), or can change to \$0 or keep constant	Years Taxes (d	efault), or can	change to \$0	or keep consta	EST.	
\$7.696	\$8.333	\$9,355	Other Current Liabilities	Fixed at LTM \$ amount (default), or can change to % of Sales or % of Total Assets	amount (defau	II), or can char	1ge to % of S:	les or % of To	stal Assets	
\$31,163	\$32,119	\$33,010	Other Liabilities	Fixed at LTM 5 amount (default), or can change to % of Sales or % of Total Assets	amount (defau	lt), or can char	ige to % of Si	des or % of To	atal Assets	
20	\$0	20	Deferred Taxes	Fixed at LTM S appoint	antount					
\$2,079	\$1,278	20	Minority Interest	Fixed at LTM \$ amount	amount					
1.9	2.0	1.8	Current Ratio	87.7	1.9	6.1	2.5	3.4	4	
2.7	2.8	2.6	Current Ratio (excl. Cur. Debt)	2.7	2.8	2.9	3.0	3.4	4.1	
\$11,088	\$16,688	\$17,438	Pfd, Common, & Capital Surplus	Fixed at LTM \$ amount	amount					
			Retained Earnings	Last Year (not LTM) + NI of Current year	JM) + NI of C	urrent year				-
			Valuation Assumptions						(
			Perpetuity Growth Rate	4.5%	֖֖֡֞֝֞֝֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓	LTM Inflation	\$0.4 \$0.4	Implied	Implied Keal Growin	
			Discount Rate	1.6.0%	A A A	WACC of APV	V / V		Ţ	
	100	0.5	% of 1st years CF to include	97001 01 3 963	Minori	Minority Discount	%00	Trans	Trans Costs Amortiza	
\$77,847	107,513	41C,47¢	Pre-Transaction Debt	C 10 10 10		in page 1			A of Trans Co	
								-	% of 1 rans Co	
			Pre-Trans MC Value	\$56.084						
			Pre-Trans. Equity Value	\$42,610						
			>							

National Forge Company Handings, Incorporated

Jun-97	86-un1		12 Months	.I.m.10	Jun-01	for-02	.Inn.03		
		BALANCE SHEET							
		ASSETS							
\$3,341	\$6,330	Cash & Short Term Investments	\$3,957	\$4,031	\$4,364	\$3,532	\$8,142	\$16,666	
	\$182	Restricted Escrow	106	1.622	2,342	3,063	3,784	4,505	
13,189	16,887	Accounts Receivable	17,176	16,852	17,281	17,828	18,630	19,468	
18,979	18,376	Inventory	17,987	18,024	17,803	18,463	19,320	20,189	
703	777	Other Current Assets	677	699	655	673	999	999	
\$36,212	\$42,552	Total Current Assets	\$40,698	\$41,192	\$42,445	\$43,559	\$50,542	\$61,495	
\$25,559	\$27,757	Property, Plant & Equipment - Net	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569	
0	0	Investments & Advances - Eq. Method	0	0	0	0	0	0	
a	0	Investments & Advances - Other	a	0	¢	0	0	0	
4,619	10,373	Intangibles	9,808	9,257	8,706	8,156	7,605	7,054	
6,443	6,235	Deferred Charges	0	0	0	С	0	0	
10,463	9,837	Other Assets	9,742	9,430	9,150	8,891	8,656	8,656	
\$83,296	\$96,754	Total Assets	\$89,793	\$90,884	\$92,537	593,777	\$100,673	\$111,774	
	7°.,	LIABILITIES							
\$5,646	\$7,249	Debt in Current Liabilities	\$7,789	\$6,425	\$7,225	\$2,684	\$54	0\$	
4,589	6,363	Accounts Payable	5,457	5,354	5,452	5,736	5,878	6,143	
0	369	Income Taxes Payable	006	700	450	100	100	100	
8,333	9,355	Other Current Liabilities	8,470	8,749	8,752	8,757	8,753	8,753	
\$18,568	\$23,336	Total Current Liabilities	\$22,626	\$21,228	\$21,879	\$17,277	\$14,785	\$14,996	
32,119	33,010	Post Retirement Health Benefit Obligations	33,029	33,828	34,586	35,298	35,954	35,954	
195'6	22,270	Total Long Term Debt	21,819	15,394	8,168	5,484	5,430	5,430	
0	0	Deferred Taxes	0	0	0	0	0	0	
1,278	0	Post Retirement Pension Obligations	353	213	63	С	0	0	
\$61,526	\$78,616	Total Liabilities	\$77,838	\$70,663	\$64,697	\$58,059	856,169	\$56,380	
\$3,500	\$ 0	Preferred Stock	0	0	0	0	0	\$0	
m	S	Common Stock	93	6	6	6	6	Ó	
13,185	17,433	Capital Surplus	22,978	28,237	29,737	31,237	32,737	32,737	
5,282	1,333	Retained Earnings	(3.289)	641	8,576	16,885	26,307	37,198	
(200)	(633)	Less Treasury Stock, Contra Equity	(7,742)	(8.666)	(10,482)	(12,414)	(14,549)	(14,549)	
\$21,770	\$18,138	Total Equities	\$11,955	\$20,221	\$27,840	\$35,717	\$44,504	\$62,398	
\$83,296	\$96,754	Total Liabilities & Equities	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774	

Jun-04		\$107,664 84,656	\$23,008	0,905	\$12,103	, 52	(425)	\$11,730	(839)	\$10,891 0	\$10,891 C	\$10,891
		₩.	i			(713) S 52	(624)	٠,	i	1		
Jun-03	-	S	64		\$11,432	~		\$10,147			İ	li
Jun-02		\$98,780 77,506	\$21,274	\$10,429	\$10,845	(742)	(1,238)	\$8,907	(598)	\$8,309 0	58, 309	\$8,309
Jun-01		\$96,061 74,826	\$21,235	\$10,264	126,018	\$ (177) \$	(1,844)	\$8,388	(453)	\$7,935 0	\$7,935 0	\$7,935
Jun-00		\$ 94,099 75,694	\$18,405	\$10,450 0	\$7,955	S (1,250) :	(2,550)	\$4,177	(247)	\$3,930 0	\$3,930 0	\$3,930
12 Months Jun-99		\$94,821 75,595	\$19,226	\$10,455	\$8,771	(1,182)	(3,099)	(\$4,177)	(445)	(\$4,622)	(\$4,622)	(\$4,622)
	INCOME STATEMENT	Net Sales Cost of Goods Sold (Including COGS Deprec.	Grass Profit	SGA (Excl. Depr & Amort) SGA D&A (Incl. Financing Costs Amort.)	Operating Income after Deprec.	Other Expense (incl. Fin & Other Amort) Interest Income (NF Components)	Interest (Expense) Special Item Income (Expense)	Pretax Income	Income Tax	Net Income before E&D Exita, Income (Expense) & Disc. Operations	Net Income after E&D Preferred Dividends	Net Income to Common
Jun-98		\$87,801 71,634	\$16,167	\$ 9.125	\$7,042	(\$1,057)	(1,958)	\$4,027	615,1	\$2,513 (723)	\$1,790	\$1,522
Jun-97		\$87,947 69,932	\$18,015	\$9,622	\$8,393	(\$875)	(2,224)	\$5,294	1,928	\$3,366	53,366 350	\$3,016
Jun-96		\$88,952 72,608	\$16,344	\$9,045	\$7,299	(\$683)	(3,053)	\$3,563	1,196	\$2,367 0	\$2,367 351	\$2,016

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	12 Months	0	3			
CASH STATEMENT BY ACTIVITY	2411-23	20-617	10-1110	70-000	20-HP	*0-III*
Operating Activity Working Conital (Hees)						
Deer (Incr) in Acct. Rec.	(\$289)	\$324	(\$429)	(\$547)	(\$802)	(\$838)
Decr (Incr) in Escrow	(617)	(721)	(720)	(721)	(721)	(721)
Decr (Incr) in Inventory	389	(37)	221	(099)	(857)	(698)
Decr (Incr) in Other CA	100	14	∞	(18)	7	0
Decr (Incr) in Invest./Advances-Equity	0	0	0	0	0	0
(Decr) Incr in Invest and Goodwill	(\$95)	(551)	(1551)	(550)	(551)	(155)
Deer (incr) in Deferred Charges	6,235	0	0	0	0	0
Deer (Iner) in Other LT Assets	98	312	280	259	235	0
Incr (Decr) in Acct. Payable	(968)	(113)	86	284	142	265
Incr (Decr) in Taxes Payable	531	(200)	(250)	(350)	0	0
Incr (Decr) in Other Current Liab.	(885)	279	£	'n	<u>(</u>	0
Pension Liability Increase	382	649	809	649	959	o
Other	37	37	45	43	45	1,102
Total WC (Uses)	\$4,415	(57)	(\$687)	(\$1,606)	(\$1,850)	(\$1,613)
Net Income (Loss)	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	\$10,891
Depreciation & Amort.	3,867	4,187	4,420	4,694	4,969	3,912
Net Cash From Operations	\$3,660	\$8,110	\$11,668	\$11,397	\$12,540	\$13,190
Investment Activity						
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
Financing Activities						
Less Purchase of Treasury Stock (ESOP Rep	(4,109)	(924)	(1,816)	(1,932)	(2,135)	0
Less Purchase Com. & Pref. Stock	5,548	5,260	1,500	1,500	1,500	0
Less Cash Dividends	0	0	0	٥	0	0
Long-Term Debt Issuance	(451)	(6,425)	(7,225)	(2.684)	(54)	0
Current Debt Change	540	(1,364)	800	(4,541)	(2,630)	(54)
Other Financial Activity Cash Sources (Uses	28	0	0	0	0	0
Net Cash Incr (Decr) from Financing	(\$1,443)	(\$3,453)	(\$6,741)	(\$7,657)	(83,319)	(\$54)
Cash and Equiv. Incr (Decr)	(2,373)	7.5	332	(832)	4,610	8,525
Change in Cash Balances	(2,373)	75	332	(832)	4,610	8,525

National Forge Company Holdings, In reporated

Projected Performance

	12 Months	Jun-00	Jun-01	11.11.02	10.03	Recidual
CASH FLOWS						
Operating Income after non-ded. Depr.	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847	\$12,103
Plus ESOP Contrib, incl. as Op. Exp.	5,545	5,259	1,500	1,500	1,500	0
Op. Inc. + ESOP Contrib.	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	\$12,103
Less C-Corp. Taxes @ 39%	(5,355)	(4,925)	(4,636)	(4,586)	(4.815)	(4,720)
Plus Depreciation & Amortization	3,867	4,187	4,420	4,694	4,969	4,969
LIFO charge Add-back	С	0	0	0	0	0
WC net of charge on Def Taxes	(2,757)	3	(687)	(1,606)	(1,850)	(1,613)
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
Net Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	\$6,128
% of CF realized after 06/30/98	100%	100%	100%	100%	100%	100%
Cash Flow Applied to NPV	\$4,896	\$7,302	\$6,389.	069'5\$	\$6,040	\$6,128
RESIDUAL VALUE						
Residual Value, assuming 4.5% long term growth of cash flows	owth of cash flow	é	Implied Ef	Implied EBIT Multiple 5.0	0.2	CapFactor
UNLEVERAGED FIRM VALUE						
Unley, Operating Free Cash Flow	\$4,896	\$7,302	\$6,389	059'55	\$6,040	
Residual Value	26//95	79,407	01,134	03,/33	965,00	
Total Cash Flows Unleveraged Cost of Equity	\$63,688	\$66,763	\$67,523	\$69,423	\$72,374	
Unleveraged Firm Value (Jun-98)	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733	
C-CORP VALUE OF TAX SHIELD VALUE FROM DEBT	UE FROM DEB	T & ESOP IN	CAPITAL STRUCTURE	FRUCTURE		
Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
Interest Expense	3,099	2,550	1,844	1,238	624	425
Pretax Unieveraged Income	\$4,467	\$11,986	\$11,732	\$11,645	\$12,271	\$12,155
Pretax Income (Leveraged)	(4,177)	4,177	8,388	8,907	10,147	(1,730
Tax on Unleveraged Pretax Income	\$1,742	\$4,675	\$4,575	\$4,542	\$4,786	\$4,741
Tax on Leveraged Pretax Income	(1,629)	1,629	3,271	3,474	3,958	4,575
Tax Savings due to Interest + ESOP	\$3,371	\$3,046	\$1,304	\$1,068	\$828	\$166
NPV of Tax Shield (13.6% rate)	7,302	4,920	2,542	1,582	729	

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculatedbased on savings for the next ten years

National Forge Company Holdings, In orporated

- 6 K	ò	•		Projected Performance	rformance	
S-CORP VALUE OF TAX SAVINGS						
Operating Income Plus: ESOP Contribution	\$8,186 5,545	\$7,370 5,259	\$10,386	\$10,260 1,500	\$10,847	
Adjusted Operating Income	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	
Less: Total Taxes (UK & US) at 39% Less: UK Taxes	\$5,355 (445)	\$4,925	\$4,636 (453)	\$4,586 (598)	\$4,815 (726)	•
Total Taxes Saved Taxes Saved under С-Согр	\$4,910 \$3,371	\$4,678 \$3,046	\$4,183	\$3,988	\$4,089 \$828	\$4,089
Incremental Tax Savings % Of Savings Applied Total Tax Savings Applied	\$1,539 100% \$1,539	\$1,633 100% \$1,633	\$2,878 100% \$2,878	\$2,921 100% \$2,921	\$3,261 100% \$3,261	53,924 100% 53,924
NPV of Tax Shield (13.6% rate)	\$13,925	\$15,475	\$16,139	\$16,855	\$17,369	\$17,369

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculatedbased on savings for the next ten years

SUMMARY-5	Jun-98	Jun-99	Jun-00	Jun-01	Jun-02
Unleveraged Firm Value	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733
C.Corn. PV of Interest & ESOP Tax Shield	7,302	4,920	2,542	1,582	729
S-Corp, PV of Incremental Tax Shield	13,925	15,475	16,139	16,855	17,369
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$77,485	\$79,187	\$78,142	175,678	\$81,831
Less: Capital Debt + Buyout Debt	(\$35,398)	(\$29,609)	(\$21,819)	(\$15,394)	(\$8,168)
Less: Non-Tax Adjusted SAR Value	(\$2,087)	(\$2,240)	(\$2,468)	(\$2,974)	(\$2,974)
Plus: Excess Cash post Buyout	\$4,853	\$3,707	53,781	\$4,114	\$3,282
Control Control Control	644.850	651.050	079 253	065 398	\$73.970
Total Maki, Colling Equity Value	010,0	0001170	0000	(00000)	(002.6)
Marketability Discount (5.0%)	(2,240)	(7,550)	(7,650)	(0/7'0)	(no./*c)
Control Equity Value	\$42,610	\$48,500	\$54,760	\$62,050	\$70,270
(after Marketability Discount)					
Shares Outstanding	620	620	620	620	620
Per Share Value	68.76	78.27	88.37	100.14	113.40

National Forge Company Holding Incorporated

	66-unf	Jun-00	Jun-01	Jun-02	Jun-03
DEBT AMORTIZATION					
Total Debt Sum of Debt helow	\$29,519				
		i i	٢	Tominiona Dansinia	Contained
Ser Europe		-		151111 (1113 NCT	.a.ii.ii.g/
Beginning Balance	00108	05,456	35,450	00+100	004,00
Principal Fayment (Borrowing)	0 :	o :	0 5	0 :) <u>(</u>
Interest Payment	495	77	80.4	756	C.7.†
Ending balance	5,430	5,430	5,430	5,430	5,430
Total P&I	\$495	\$474	\$458	\$442	\$425
Chase Term Loan	8.50%	Int. Rate	7	Term (Yrs Remaining)	(aniniar)
			0.0	202.00	5
Beginning Balance	\$21,411	\$10,840	\$10,459	\$5,585	\$272
Principal Payment (Borrowing)	4,565	6,387	4,874	5,060	525
Prepayment	0	0	0	0	0
Interest Payment	1,820	1,432	889	475	45
Ending balance	16,846	10,459	5,585	525	0
_Total P&I	\$6,385	\$7,819	\$5,763	\$5,535	\$570
, E					
MELF, Pipeline & Cap Lease	4.6%	Int. Rate	7	Term (Yrs Remaining)	naining)
Beginning Balance	\$ 460	\$267	\$182	\$93	\$0
Principal Payment (Borrowing)	161	88	89	5.6	0
Prepayment	0	0	0	0	0
Interest Payment	17	10	9	2	0
Ending balance	267	182	93	0	0
	;		į		ć
Total P&I	\$210	393	393	56\$	0.0
•	-	; ;	•	(2) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	(0)
Buyout Loan	10.0%	10.0% Ini. Kate		1 cm (1 is Acm	isming)
Beginning Balance	788.08	34,705	420,64 75,	52,23	0/1/10
Principal Payment (Borrowing)	9/1.1	9/ ["]	1,176	0/1:1	1,170
Prepayment	0	0	;		;
Interest Payment	261	436	312	187	79
Ending balance	4,706	3,529	2,353	1,176	a
Total P&1	\$1,738	\$1,613	\$1,488	\$1,363	\$1,239
MS Overdraft Reserve	7.0%	Int. Rate	h-we	Term (Yrs Remaining)	
Beginning Balance	\$705	\$555	\$152	\$149	\$74
Deinoinel Poument (Romoning)	051	403		75	7.
Description (Source B)				· c	. 0
i chayman	· ;	י ל		. 0	
Interest Payment	1 3	3.5	140	14	n (
Ending balance	000	701	Ì	•	3
Total P&1	\$194	\$428	\$14	\$83	277
					,

2,684 5,484

6,425 15,394

7,789

Short Term Debt Long Term Debt

\$1,808	\$6,993	\$7,345	\$9,527	58,332	Total P&1	
5,484	8,168	15,394	21,819	59,609	Ending balance	
\$624	\$1,238	\$1,844	\$2,550	\$3,099	Interest Payment	
SO	2 0	80	20	\$0	Prepayment	
\$2,684	\$7,225	\$6,425	82,789	\$5,789	Principal Payment (Borrowing)	
88,168	\$15,394	\$21,819	\$29,609	\$35,398	Beginning Balance	
Remaining	6.114277818 Avg Term (Vrs Remaining)	6.114277818	Avg	9.5%	Total Debt	
\$0	\$0	\$0	20	\$0	Total P&I 🕋	
0	0	0	0	0	-Ending balance	
0	0	0	0	0	Interest/Payment	
0	O	0	0	0	Principal Payment (Borrowing)	
\$0	0\$	20	\$0	\$0	Beginning Balance	
aining)	Term (Yrs Remaining)	۲	NA Int. Rate	VZ.	MS Capital Equipment Loau	
\$573	\$516	\$326	2107	2161	Total P&I	
0	547	066	1,211	1,203	Ending balance	
26	7.3	103	115	118	Interest Payment	
0	0	C	0	0	Prepayment	
247	443	122	(8)	7.9	Principal Payment (Borrowing)	
	\$990	\$1,211	\$1,203	\$1,282	Beginning Balance	
aining)	Term (Yrs Remaining)	r4	9.5% Int. Rate	%5 tr	MS Canital Equipment Lease	
\$425	\$429	\$126	(961\$)	(\$330)	Total P&I	
54	416	794	856	602	Ending balance	
63	51	64	85	4	Interest Payment	
0	0	C	0	0	Prepayment	
362	378	62	(254)	(374)	Principal Payment (Borrowing)	
\$416	\$794	\$856	\$602	\$228	Beginning Balance	
aining)	Term (Yrs Remaining)	1 4	NA Int. Rate	Ϋ́Z	NW Forgemasters Overdraft	
rformance	Projected Performance					

ldings, Ir~~rporated	
ompany Ho	
National Forge C	

				Projected P	Projected Performance	
	12 Months					
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
DEPRECIATION SCHEDULE						
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4,611
Total Depreciation on New Assets	\$459	\$917	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078	1,663
Total Depreciation Expense	\$ 2,802		S 3,122 S 3,363 S 3,637 S 3,912	\$ 3,637	\$ 3,912	84,419
Beginning Fixed Assets	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870
Less: Depr. (see Assumptions page)	(2,802)		(3,363)	(3,637)	(3,912)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569

Exhibit D: Hypothetical ESOP Valuation – S Corporation Capitalizing Taxes Saved in Perpetuity

National Forge Comps Holdings, Incorporated

			Assumptions						
			Income Statement Assumptions						
		(0.2%)	Revenue Growth	8.0%	(0.8%)	2.1%	2.8%	4.3%	4.5%
		81.6%	Historical COGS as a % of Rev						
		18.4%	Historical Gross Profit Margin						
	30	2 5	nistorical Auj to COOS (III s.)	100	3	,00	90	ò	707 00
61.0%		01.070	Coing-torward Coop as a 76 of Rev	05.7% 05.0¢	10.470	27.77 20.00	76.070	70.0%	0.070
•	-	10.4%	Comprise of the Comprise of Mary (b)	67.577	0/0.61	27.1.70	9/0:14	0/t::+	87 1.17
		20%	Historical Adi to SGA (in \$)						
		10.4%	Going-forward SGA % of Rev. (b4 Depr.)	11.0%	11.1%	10.7%	10.6%	10.3%	10.1%
		37.7%	Tax Rate	39.0%	39.0%	30.0%	39.0%	39.0%	39,0%
63	.	\$4,700	Total Depr. (from schedule or input)	\$2,802	\$3,122	\$3,363	\$3,637	\$3,912	\$3,912
		0\$	Amortization	\$ 1,065 \$	1,065 \$		1,057	\$ 720,1	
** _{\$\infty\}			Avg Depreciable Life (Future)	10 Years		Avg Depreciable Life (Hist)	: Life (Hist)	10 Years	
			Balance Sheet Assumptions		,				
	\$3,341 \$6,3	\$6,330	Cash	Residual Account					
		5.8	Avg A/R Tums (Sales/Avg A/R)	5.6	5.5	5.6	5.6	5.7	5.7
5.0	ì	5.2	A/R Tumover (Sales/A/R)	5.5	5.6	5.6	5.5	5.5	5.5
		338	Avg Inventory Tums (COGS/Avg Inv)	4.2	4.2	4.2	4.3	4.	4.3
		ا ان	Inventory Turns (COGS/Inv)	4.2	4 Ci	5.4 C.4	4.2	4 2	∴t. Ci
		%6.0	Other CA	Fixed at LTM \$ amount	noun:				
		\$4,129	Capital Expenditures	\$4,590	\$4,582	\$4,594	\$4,572	119'+\$	\$4,611
		0Ķ	Еттог Message for CapEx	The Historical CapEx is calc'd based on "Total Depr (from COGS & SGA detail)" abov	Ex is calc'd t	ased on "Tota	l Depr (from C	COGS & SGA	tetail)" abo
	4	4.7%	Cap Ex as a % of Revenues	4.8%	4.9%	4.8%	4.6%	4.5%	4.3%
		0.3	Fixed Assets/Rev.	0.3	0.3	0.3	0.3	0.3	0.3
20		6	Investments & Advances - Eq. Method	Fixed at LTM \$ amount	nount				
		05	Investments & Advances - Other	Fixed at LTM S amount	nour				
54,820 54,	,	573	Infangibles	Fixed at LTM S amount	Junou				
•		555	Deterred Charges	Fixed at I, I M \$ amount	nount				
3		75,83/	Unier Assets	Fixed at LIM S amount	Tabout		•		
		13.1	Avg. A/F tums (COGS/Avg A/F)	8.71	0.4.	5.51	13.5 2. 6.	U. 4. C.	- · · · ·
15.4	15.2	6760	AVF Turns (COGS/AF)	15.6 15.6 15.6 15.7 15.7 15.7 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.0	14.1 per Person (4).	15.7 (Godfe) or one	5.51 5.01	o.Cl	
	٠	, u	Other Comment reputition	Carolina Than	ons takes (un	statility, or carr	בוויוות אל סל פסן	a seep constant	
\$7,096 \$8,333 631 163 631 19	58,553 \$9,555	010	Other Current Liabilities	Fixed at 1.100 a amount (default), or ear change to 79 of bines of 75 of 10tal Assens. Eixed of 17M C amount (default) or can abandon to M. of Calas or % of Tatal Assens.	nount (defaul	ty, or can chan	lice to se or ago	es or 7% of Tota	1 Assets
		2 5	Deferred Toward	Fixed of T TM & amount	nount metal	וא כמון ביושוו	9		
50	920	3 5	Minority Interest	Fixed at 1 TM Contour	nound				
		3 0	Correct Datio	11 6 11 12 12 13 13 13 13 13 13 13 13 13 13 13 13 13	0.1	0	,	2.4	4
Y. 1	0.4.6	0. 7	Current Date (and Date)	0.1	 		3 6	, c	ř
		0.7	Current Mailo (exci. Cur. Deoi.)	7.77 Chan i an i 173 f 6 an	0	۲:۶	9.0	t i	ř
311,088 310,088	565 317,438	82	Fig. Common, & Capital Surplus	Fixed at L LM S absount	mount				
			Retained Earnings	Last Year (not L1M) + NJ of Current year	N) + N of C	irrent year			
			Valuation Assumptions						
			Perpetuity Growth Rate	4.5%	E	LTM Inflation	4.0%	Implied R	Implied Real Growth
			Discount Rate	. 13.6%	WAC	WACC or APV?	APV	•	
			% of 1st Year's CF to include	100%		DLOM	5.0%		Tra
\$22,847 \$15,207	\$29,519	819	Pre-Transaction Debt	\$29,519	Minorit	Minority Discount	%0.0	Trans Co	Trans Costs Amortiz
								%	% of Truns Co
			Pre-Trans. MC Value	\$56,084					
			re-Irans, Equity value	240.300					

Jun-97	Jun-98		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-64
		BALANCE SHEET						
		ASSETS					•	
\$3,341	\$6,330	Cash & Short Term Investments	\$3,957	\$4,03;	\$4,364	\$3,532	58,142	\$16,666
	\$182	Restricted Escrow	106	1,622	2,342	3,063	3.784	4,505
13,189	16,887	Accounts Receivable	17,176	16,852	17,281	17,828	18,630	19,468
18,979	18,376	Inventory	17,987	18,024	17,803	18,463	19,320	20,189
703	777	Other Current Assets	677	663	655	673	999	999
\$36,212	\$42,552	Total Current Assets	\$40,698	\$41,192	\$42,445	\$43,559	\$50,542	\$61,495
\$25,559	\$27,757	Property, Plant & Equipment - Net	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569
0	0	Investments & Advances - Eq. Method	0	0	0	0	0	0
0	0	Investments & Advances - Other	0	0	٥	0	O	0
4,619	10,373	Intangibles	808'6	9.257	8,706	8,156	7,605	7,054
6,443	6,235	Deferred Charges	0	0	0	0	C	0
10,463	9,837	Other Assets	9,742	9,430	9,150	8.891	8,656	8,656
\$83,296	\$96,754	Total Assets	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774
						8000		
	**	TABILITIES						
\$\$ 646	62.23	Debt in Current Lisbilities	67 789	\$6425	>16 63	62 684	654	Ş
4 589	6363	Acronnée Bayahis	7.46.7	25.5	C34,10	45,00	r ac n or	200
60.	369	Income Taxes Damble	000	1000	050	00.	97875	0,143
8 333	935	Other Current Lichtlines	000	007.	0.75	200	100	0.00
2111			2,1,5		7.7.0	Day's	6,7,5	6,7,8
\$18,568	\$23,336	Total Current Liabilities	\$22,626	\$21,228	\$21,879	\$17,277	\$14,785	\$14,996
32,119	33,010	Post Retirement Health Benefit Obligations	33,029	33,828	34,586	35,298	35,954	35,954
9,561	22,270	Total Long Term Debt	21,819	15,394	8,168	5,484	5,430	5,430
0	0	Deferred Taxes	0	0	0	0	0	0
1,278	0	Post Retirement Pension Obligations	363	213	63	۵	0	0
\$61,526	\$78,616	Total Liabilities	\$77,838	\$70,663	\$64,697	\$58,059	\$56,169	\$56,380
\$3,500	\$0	Preferred Stock	0	0	0	Û	0	\$0
٣	S	Common Stock	∞0	6	0	6	O.	6
13,185	17,433	Capital Surplus	22,978	28,237	29,737	31,237	32,737	32,737
5,282	1,333	Retained Earnings	(3,289)	641	8,576	16,885	26,307	37,198
(200)	(633)	Less Treasury Stock, Contra Equity	(7,742)	(8,666)	(10,482)	(12,414)	(14,549)	(14,549)
\$21,770	\$18,138	Total Equities	\$11,955	\$20,221	\$27,840	\$35,717	\$44,504	\$65,388
\$83,296	\$96,754	Total Liabilities & Equities	\$89,793	\$90,884	\$92,537	\$93,777	\$100,673	\$111,774

Incorporated
Holdings,
Compary
Forge
ational

.I.n.96	.l.n.97	86-411		12 Months Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04
			INCOME STATEMENT						
	İ								
\$88,952	\$87,947	\$87,801	Net Sales	\$94,821	\$94,099	\$96,061	\$98,780	\$103,028	\$107,664
72,608	69,932	71,634	Cost of Goods Sold (Including COGS Deprec.	75,595	75,694	74,826	77,506	81,011	84,656
\$15,344	\$18,015	\$16,167	Gross Profit	\$19,226	\$18,405	\$21,235	\$21,274	\$22,017	\$23,008
\$9,045	\$9,622	\$9,125	SGA (Excl. Depr & Amort)	\$10,455	\$10,450	\$10,264	\$10,429	\$10,585	\$10,905
0	0	0	SGA D&A (Incl. Financing Costs Amort.)	0	0	0	0	0	0
\$7,299	\$8,393	\$7,042	Operating Income after Deprec.	\$8,771	\$7,955	116,018	\$10,845	\$11,432	\$12,103
(\$683)	(\$875)	(\$1,057)	Other Expense (incl. Fin & Other Amort)	\$ (1,182)	(1,250)	(177)	\$ (742)	\$ (713)	,
0	0	0	Interest Income (NF Components)	01	22	32	42	52	52
(3,053)	(2,224)	(1,958)	Interest (Expense)	(3,099)	(2,550)	(1,844)	(1,238)	(624)	(425)
0	0	0	Special Item Income (Expense)	(8,677)	C	0	0	0	=
\$3,563	\$5,294	\$4,027	Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
1,196	1,928	1,519	Income Tax	(445)	(247)	(453)	(865)	(726)	(839)
\$2,367	\$3,366	\$2,513	Net Income before E&D	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	168,018
0	0	(723)	Extra. Income (Expense) & Disc. Operations	0	C	0	•	0	-
\$2,367	\$3,366	51,790-	Net Income after E&D	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	168'01\$
351	350	268	Preferred Dividends	0	C	Ü	0	0	0
\$2,016	\$3,016	\$1,522	Net Income to Common	(\$4,622)	\$3,930	\$7,935	\$8,309	\$9,421	168'01\$

D-4

		12 Months	00-an1	10.01	Jun-02	Jun-03	Jun-04
	CASH STATEMENT BY ACTIVITY						
	Operating Activity						
	Working Capital (Uses)						
	Decr (Incr) in Acct. Rec.	(\$289)	\$324	(\$429)	(\$547)	(2885)	(\$838)
	Decr (Incr) in Escrow	(719)	(721)	(720)	(721)	(721)	(721)
	Deer (Iner) in Inventory	389	(37)	22.1	(099)	(857)	(898)
	Decr (Incr) in Other CA	100	14	œ	(18)	7	0
	Deer (Iner) in Invest/Advances-Equity	0	0	0	0	0	0
	(Deer) Incr in Invest and Goodwill	(595)	(551)	(551)	(550)	(551)	(155)
	Decr (Incr) in Deferred Charges	6,235	0	0	0	0	0
	Decr (Incr) in Other LT Assets	56	312	280	259	235	0
	Incr (Decr) in Acci, Payable	(968)	(113)	86	284	142	265
	Incr (Decr) in Taxes Payable	531	(200)	(250)	(350)	0	0
	Incr (Decr) in Other Current Liab.	(885)	279	ъ	Š	(4)	0
	Pension Liability Increase	382	6+9	809	649	959	0
•••	Other	37	37	45	43	45	1,102
	Total WC (Uses)	\$4,415	(\$7)	(2887)	(\$1,605)	(\$1,850)	(\$1,613)
	(SOL) emonel sex	(\$4.622)	\$3.930	\$7.935	\$8,309	\$9,421	168'01\$
	Depreciation & Amort.	3,867	4,187	4,420	4,694	4,969	3,912
	Net Cash From Operations	\$3,660	\$8,110	\$11,668	\$11,397	\$12,540	\$13,190
	Investment Activity						
	Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4,611)	(4,611)
	Financing Activities						
	Less Purchase of Treasury Stock (ESOP Rep.	(7,109)	(924)	(1,816)	(1,932)	(2,135)	0
	Less Purchase Com. & Pref. Stock	5,548	5,260	1,500	1,500	1,500	0
	Less Cash Dividends	0	0	0	0	0	0
	Long-Term Debi Issuance	(451)	(6,425)	(7,225)	(2,684)	(54)	0
	Current Debt Change	540	(1,364)	800	(4,541)	(2,630)	(54)
	Other Financial Activity Cash Sources (Uses	28	0	0	0	0	0
	Net Cash Incr (Decr) from Financing	(\$1,443)	(\$3,453)	(\$6,741)	(\$7,657)	(\$12,319)	(\$54)
	Cash and Equiv. Incr (Decr.)	(2,373)	75	332	(832)	4,610	8,525
-	Change in Cash Balances	(2,373)	75	332	(832)	4,610	8,525

National Forge Company Holdings, Ir rporated

Projected Performance

	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Residual
CASH FLOWS						
Operating Income after non-ded. Depr.	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847	\$12,103
Plus ESOP Contrib. incl. as Op. Exp.	5,545	5,259	1,500	1,500	1,500	0
Op. Inc. + ESOP Contrib.	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	\$12,103
Less C-Corp. Taxes @ 39%	(5,355)	(4,925)	(4,636)	(4,586)	(4,815)	(4,720)
Plus Depreciation & Amortization	3,867	4,187	4,420	4,694	4,969	4,969
LIFO charge Add-back	0	0	0	0	0	0
WC net of charge on Def Taxes	(2,757)	6	(687)	(1,606)	(1,850)	(1,613)
Less Capital Expenditures	(4,590)	(4,582)	(4,594)	(4,572)	(4.611)	(4,611)
Net Cash Flow		\$7,302	\$6,389	25,690	\$6,040	\$6,128
% of CF realized after 06/30/98	100%	100%	%001	100%	%001	%001
Cash Flow Applied to NPV	\$4,896	\$7,302	686,389	35,690	\$6,040	\$6,128
RESIDUAL VALUE						
Residual Value, assuming 4.5% long term growth of cash flows	rowth of cash flow	Ø	Implied B	Implied BBIT Multiple 5.0	5.0	CapFactor
UNLEVERAGED FIRM VALUE						
Unley, Operating Free Cash Flow	\$4,896	\$7,302	\$6,389	\$5,690	\$6,040	
Residual Value	58,792	59,462	61,134	63,733	66,334	
Total Cash Flows	\$63,688	\$66,763	\$67,523	\$69,423	\$72,374	
Unleveraged Cost of Equity	13.6%	13.6%	13.6%	13.6%	13.6%	
Unleveraged Firm Value (Jun-98)	\$56,084	\$58,792	\$59,462	\$61,134	\$63,733	
C-CORP VALUE OF TAX SHIELD VALUE FROM DEBT & ESOP IN CAPITAL STRUCTURE	UE FROM DEB	I & ESOP IN	CAPITAL S	TRUCTURE		
Pretax Income	(\$4,177)	\$4,177	\$8,388	\$8,907	\$10,147	\$11,730
Pre-Transaction ESOP Principal	5,545	5,259	1,500	1,500	1,500	0
Interest Expense	3,099	2,550	1,844	1,238	624	425
Pretax Unleveraged Income	\$4,467	\$11,986	\$11,732	\$11,645	\$12,271	\$12,155
Pretax Income (Leveraged)	(4,177)	4,177	8,388	8,907	10,147	11,730
Tax on Unleveraged Pretax Income	\$1,742	\$4,675	\$4,575	\$4,542	\$4,786	\$4,74!
Tax on Leveraged Pretax Income	(1,629)	1,629	3,271	3,474	3,958	4,575
Tax Savings due to Interest + ESOP	\$3,371	\$3,046	\$1,304	\$1,068	\$828	\$166
NDV of Tex Shield (13.6% rate)	7.302	4.920	2.542	1.582	729	

D-5

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculatedbased on savings for the next ten years

National Forge Company Holdings, Ir rporated

				Projected Performance	rformance	
S-CORP VALUE OF TAX SAVINGS						
Operating Income	\$8,186	\$7,370	\$10,386	\$10,260	\$10,847	
Plus: ESOP Contribution	5,545	5,259	1,500	1,500	1,500	
Adjusted Operating Income	\$13,731	\$12,629	\$11,886	\$11,760	\$12,347	
Less: Total Taxes (UK & US) at 19% Less: UK Taxes	\$5,355 (445)	\$4,925 (247)	\$4,636 (453)	\$4,586 (598)	\$ 4,815 (726)	
Total Taxes Saved Taxes Saved under C-Corp	\$4,910	\$4,678 \$3,046	\$4,183	\$3,988	\$4,089	\$4,273
Incremental Tax Savings	\$1,539	\$1,633	\$2,878	\$2,921	\$3,261	\$4,108
% Of Savings Applied Total Tax Savings Applied	\$1,539	100% \$1,633	100% \$2,878	100% \$2,921	100%	100%
NPV of Tax Shield (13.6% rate)	\$17,871	\$18,856	\$18,878	\$18,865	\$18,551	

The Taxes Saved in the Current year are not accounted for in the Tax Shield Calculation

The Tax Shields were calculatedbased on savings for the next ten years

SUMMARK	Nun-98	Jun-99	Jun-00	Jun-01	Jun-02
Unleversed Firm Value	\$56.084	\$58,792	\$59,462	\$61,134	\$63,733
C.Com. PV of Interest & ESOP Tax Shield	7,302	4,920	2,542	1,582	729
S-Corp. PV of Incremental Tax Shield	17,871	18,856	18,878	18,865	18,551
PV Mitchell NOL, Unlevered	175	0	0	0	0
Market Capital Value	\$81,432	\$82,569	\$80,882	\$81,582	\$83,014
Less: Capital Debt + Buyout Debt	(\$35,398)	(\$29,609)	(\$21,819)	(\$15,394)	(\$8,168)
Less: Non-Tax Adjusted SAR Value	(\$2,087)	(\$2,240)	(\$2,468)	(\$2,974)	(\$2,974)
Plus: Excess Cash post Buyout	\$4,853	\$3,707	\$3,781	\$4,114	\$3,282
- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	000 000	654 430	460 180	011 293	\$75.150
Lotal MKI, Control Equity Value	00 440)	(002,40	(3.02)	(3.370)	(3,760)
ivial Relability Discoulit (3.978)	(0114)	(27,14)	(2)		
Control Equity Value	\$46,360	\$51,710	\$57,360	\$63,960	\$71,390
(after Marketability Discount)					
Shares Outstanding	620	620	620	620	620
Per Share Value	74.82	83.45	92.57	103.22	115.21

D.7

	Projec
Incorporated	
ational Forge Company Holdin	

	96-unf	Jun-00	Jun-01	Jun-62	Jun-03
DEBT AMORTIZATION					
Total Debt	\$29,519				
sum of Debt below	844,654				
NF Europe	9.00%	9.00% Int Rate	7	Term (Yrs Remaining)	raining)
Beginning Balance	\$5,430	\$5,430	\$5,430	\$5,430	\$5,430
Principal Payment (Borrowing)	0	0	0	0	0
Interest Payment	49.5	474	458	142	425
Ending balance	5,430	5,430	5,430	5,430	5,430
Total P&I	\$495	\$474	\$458	\$442	\$425
Chase Term Loan		Int. Rate	۲.	Term (Yrs Remaining)	naining)
Beginning Balance	\$21,411	\$16,846	\$10,459	\$5,585	\$525
Principal Payment (Borrowing)	4,565	6,387	4.874	5,060	525
Prepayment	0	0	0	0	0
Interest Payment	1,820	1,432	688	475	45
Ending balance	16,846	10,459	5,585	525	0
Total 0.8.1	581 93	\$7.819	58 763	\$5.535	\$570
Total Tario					
Ŀ					
MELF, Pipeline & Cap Lease	4.6%	4.6% Int. Rate	7	Term (Yrs Remaining)	naining)
Beginning Balance	2400	\$267	\$182	\$93	20
Principal Payment (Borrowing)	193	8. 8.	86	93	0
Prepayment	0	0	0	9	0
Interest Payment	17	01	9	c1	0
Ending balance	267	182	93	0	0
Total P&I	\$210	\$95	\$95	\$6\$	\$0
Buyout Loan		Int. R	٥	Term (Yrs Remaining)	aining)
Beginning Balance	\$5.882	\$4,706	\$3,529	\$2,353	\$1,176
Principal Payment (Borrowing)	1,176	1.176	1,176	1,176	1,176
Prepayment	C	0			
Interest Payment	561	436	312	187	9
Ending balance	4,706	3,529	2,353	1,176	0
Total P&I	\$1,738	\$1,613	\$1,488	\$1,363	\$1,239
MS Overdraft Reserve	7.0%	Int. Rate	_	Term (Yrs Remaining)	
Beginning Balance	\$705	\$555	\$152	\$149	\$74
Principal Payment (Borrowing)	150	403	<u>۱۰۰</u>	7.5	7.4
Prepayment	0	0	0	0	0
Interest Payment	44	25		∞	33
Ending balance	555	152	149	74	0
196	1013	2478	614	183	277
1 ota 1 P.02.1	17.16	97450	1 9	505	,

D-8

1 .	National Forge Company Holdin		Incorporated			
	NIW Engage and State Out of the	2	A tal AN	r	Projected Performance Term (Vrs Remaining)	formance
	No. Total generators over ut and Regioning Balance	\$228	\$602	\$856	\$794	\$416
	Principal Payment (Borrowing)	(374)	(254)	62	378	362
	Prepayment	0	С	0	0	С
	Interest Payment	Ţ	35	64	15.	63
	Ending balance	602	856	794	416	54
	Total P&I	(\$330)	(\$116)	\$126	\$429	\$425
	MS Capital Equipment Lease	9.5%	Int. Rate	71	Term (Yrs Remaining)	aining)
	Beginning Balance	\$1,782	\$1,203	\$1,211	\$990	\$547
	Principal Payment (Borrowing)	7.9	<u>(8)</u>	221	443	247
	Prepayment	O	0	-	0	С
	Interest Payment	118	113	105	73	26
	Ending balance	1,203	1,211	066	547	0
	Total P&1	\$197	\$107	\$326	\$516	\$573
٠,	MS Capital Equipment Loan	I YZ	NA Int. Rate	7	Term (Yrs Remaining)	aining)
	Beginning Balance	\$(\$0	20	20	\$0
	Principal Payment (Borrowing)	0	0	0	Ü	0
	Interest, Payment	0	С	0	0	0
	Ending balance	0	0	0	O	0
	Total P&1	\$0	\$0	80	80	\$0
	Total Debt	9.5%	Avg Int Rate	6.114277818	6.114277818 Avg Tem (Yrs Remaining)	Remaining)
	Beginning Balance	\$35,398	\$29,609	\$21,819	\$15,394	\$8,168
	Principal Payment (Borrowing)	\$5,789	87,789	\$6,425	\$7,225	\$2,684
	Prepayment	20	\$0	30	20	S _O
	Interest Payment	\$3,099	\$2,550	\$1,844	\$1,238	\$624
	Ending balance	29,609	21,819	15,394	8,168	5,484
	Total P&I	\$8,332	\$9,527	\$7,346	\$6,993	\$1,808
	Short Term Debt Long Term Debt	7,789	6,425 15,394	7,225	2,684 5,484	54 5,430
	0					

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National Forge Company Holdings, Ir
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				Projected P	Projected Performance	
	12 Months					
	Jun-99	Jun-00	Jun-01	Jun-02	Jun-02 Jun-03	Residual
DEPRECIATION SCHEDULE						
Capital Expenditures Req'd.	\$4,590	\$4,582	\$4,594	\$4,572	\$4,611	\$4.611
Total Depreciation on New Assets	\$459	2165	\$1,377	\$1,834	\$2,295	\$2,756
Depreciation on Existing Assets	3,740	3,325	2,909	2,494	2,078	1,663
Total Depreciation Expense	\$ 2,802	2,802 \$ 3,122 \$		3,363 \$ 3,637 \$	\$ 3,912	54,419
Beginning Fixed Assets	\$27,757	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870
Less: Depr. (see Assumptions page)	(2,802)	(3,122)	(3,363)	(3,637)	(3.912)	(3,912)
Plus: Capital Exp.	4,590	4,582	4,594	4,572	4,611	4,611
Ending Fixed Assets	\$29,545	\$31,005	\$32,236	\$33,171	\$33,870	\$34,569